

March Meeting Summaries

FERC addresses rehearing in OATT reform proceeding

E-3, *Preventing Undue Discrimination and Preference in Transmission Service*, Docket Nos. RM07-15-004, RM05-25-004. The Commission addressed requests for clarification and rehearing in the Commission's rulemaking proceeding addressing and remedying opportunities for undue discrimination under the pro forma Open Access Transmission Tariff. The Commission granted clarification of the degree of consistency required in the calculation of available transfer capability by transmission providers and secondly denied rehearing regarding the requirement to undesignate network resources used to serve off-system sales.

FERC proposes to incorporate NAESB standards

E-4, *Standards for Business Practices and Communication Protocols for Public Utilities*, Docket No. RM05-5-013, *Notice of Proposed Rulemaking*. The Commission proposed to incorporate by reference in its regulations Version 002.1 of certain business practice standards adopted by the Wholesale Electric Quadrant (WEQ) of the North American Energy Standards Board (NAESB). NAESB's Version 002.1 Standards mainly modify NAESB's Version 001 Standards in response to Order Nos. 890, 890-A, and 890-B. The revised standards also include (1) eTariff related standards developed by NAESB in coordination with Commission staff and the electric, gas, and oil industries; (2) modifications to WEQ's existing interconnection time monitor standards in the Manual Time Error Corrections Standards (WEQ-006) to ensure that the NAESB standards remain consistent with NERC's BAL-004 standard; and (3) the explicit inclusion of demand resources in the definitions of certain ancillary services.

FERC issues proposal to approve certain methodologies for available transfer capability

E-5, *Mandatory Reliability Standards for the Calculation of Available Transfer Capability, Transmission Reliability Margins, Total Transfer Capability, and Existing Transmission Commitments and Mandatory Reliability Standards for the Bulk-Power System*, Docket Nos. RM08-19-000, RM09-5-000, and RM06-16-005, *Notice of Proposed Rulemaking*. The Commission proposed to approve six Reliability Standards proposed by the North American Electric Reliability Corp. (NERC). The Reliability Standards would require certain users, owners and operators of the Bulk-Power System to develop consistent methodologies for the calculation of available transfer capability or available flowgate capability. The Commission also proposed to direct NERC to perform

studies to further evaluate the methodologies developed under the Reliability Standards.

FERC provides clarification on the scope of CIP standards for Nuclear Regulatory Commission-regulated plants

E-6, *Mandatory Reliability Standards for Critical Infrastructure Protection*, Docket No. RM06-22-000. The Commission provided clarification that the eight Critical Infrastructure Protection (CIP) Reliability Standards will apply to all equipment within nuclear power plants that is not regulated by the Nuclear Regulatory Commission (NRC). The CIP Reliability Standards contain an exemption for equipment within nuclear power plants regulated by the NRC. But for this exemption, all equipment within a nuclear power plant that is necessary for the reliability of the bulk power system will be subject to the CIP Reliability Standards on cyber security, pursuant to section 215 of the Federal Power Act.

FERC affirms rule concerning long-term transmission rights

E-8, *Long-Term Firm Transmission Rights in Organized Electricity Markets*, Docket No. RM06-8-002. The Commission addressed rehearing of a rule, which requires each transmission organization that is a public utility with one or more organized electricity markets to make available long-term firm transmission rights that satisfy seven guidelines. The Commission affirmed that, under certain circumstances, it is not unduly discriminatory for a transmission organization to give priority to load serving entities located in its own control area over load serving entities located outside its control area when allocating long-term firm transmission rights. The Commission also clarified that external load serving entities that contribute to the embedded costs of the transmission organization's system on an ongoing basis may be entitled to equivalent priority in obtaining long-term firm transmission rights as internal load serving entities.

FERC issues rule approving Facilities Design, Connections, and Maintenance Reliability Standards

E-9, *Version Two Facilities Design, Connections and Maintenance Reliability Standards*, Docket No. RM08-11-000. The Commission issued a final rule approving three revised Facilities Design, Connections, and Maintenance Reliability Standards submitted by the North American Electric Reliability Corp. These Reliability Standards set requirements for the development of system operating limits. The Commission also approved with modifications the violation severity levels for the three reliability standards.

FERC grants rehearing of order vacating ALJ's decision concerning Enron

E-10, *Enron Power Marketing, et al.*, Docket Nos. EL03-180-035, *et al.* The Commission granted rehearing of an order vacating an Administrative Law Judge's (ALJ) Initial Decision as moot. The ALJ's Initial Decision had concluded that Enron violated its market-based rate authority and engaged in gaming and anomalous market behavior. The Commission determined that, under the terms of a settlement, the settling parties reasonably expected that the Initial Decision would not be vacated as a result of the approval of the settlement, and accordingly reversed its earlier decision to vacate. The Commission emphasized that the ALJ's Initial Decision is not a Commission decision and does not constitute precedent with respect to any legal or factual issue.

FERC addresses Franklin Resources' request for blanket authorizations

E-11, *Franklin Resources*, Docket No. EC08-111-000. The Commission granted in part and denied in part a request by Franklin Resources, its Investment Management Subsidiaries and its Applicant Funds (Applicants) for blanket authorization under section 203(a)(2) of the Federal Power Act for the Investment Management Subsidiaries to acquire, on behalf of the Applicant Funds and the Investment Accounts, voting securities with a value in excess of \$10 million issued by any U.S. Traded Utility. The Commission granted Applicants' request to be able to acquire securities of any U.S. Traded Utility, for which they are required by the Securities Exchange Commission to file a Schedule 13D, subject to a limit of less than 10 percent of voting securities of any U.S. Traded Utility by each Schedule 13 Reporting Group. The Commission denied Applicants' request to acquire an unlimited amount of voting securities under section 203(a)(2). However, the Commission granted Applicants a blanket authorization subject to a 20 percent limit on the ownership of voting securities of any one U.S. Traded Utility by each Schedule 13 Reporting Group, and subject to a limit of less than 10 percent on the amount of voting securities of any U.S. Traded Utility acquired by any Applicant Fund or Investment Account.

FERC addresses PJM's Operating Reserve-related compliance filing

E-13, *PJM Interconnection, LLC*, Docket No. ER08-1569-001. The Commission accepted in part and rejected in part PJM Interconnection's compliance filing regarding Operating Reserve-related revisions to its Operating Agreement and Open Access Transmission Tariff. The Commission rejected those tariff sheets that contained revisions that went beyond the scope required of the compliance filing.

FERC denies rehearing of order accepting PJM's cost allocation filing

E-14, *PJM Interconnection, LLC*, Docket No. ER08-1065-001. The Commission denied

rehearing of an order accepting PJM Interconnection's (PJM) amendments to reflect the assignments of cost responsibility for baseline upgrades that will operate at or above 500 kV and were included in the Regional Transmission Expansion Plan approved by the PJM Board of Managers. The Commission denied the Illinois Commerce Commission's request for rehearing, given that its arguments on the appropriate cost allocation for new facilities operating at or above 500kV had been previously raised and addressed.

FERC addresses SPP's provisions relating to the rollover notification

E-15, *Southwest Power Pool*, Docket No. OA08-5-003. The Commission accepted Southwest Power Pool's (SPP) proposed tariff revisions adopting the Order No. 890 *pro forma* Open Access Transmission Tariff's (OATT) five-year minimum contract term and one-year notice period related to a firm transmission customer's ongoing right to renew or rollover its contract. The Commission also instituted a paper hearing pursuant to section 206 of the Federal Power Act to determine the justness and reasonableness of the language in SPP's existing OATT providing that, if at the time of an incumbent customer's rollover notification, SPP's transmission system cannot accommodate all the requests for transmission service, the incumbent customer must agree to accept a contract term at least as long as the longest term competing request by any new eligible customer.

FERC addresses rehearing requests concerning SPP's transfer capability

E-16, *Southwest Power Pool*, Docket Nos. OA08-5-001 and OA08-5-002. The Commission granted a request filed by Southwest Power Pool (SPP) for rehearing of the Commission's directive that SPP revise Attachment C of its Open Access Transmission Tariff to address Total Transfer Capability. The Commission denied a request for rehearing filed by American Wind Energy Association for rehearing of the Commission's determination that as a Regional Transmission Organization, SPP is not required to offer conditional firm service.

FERC dismisses as moot Midwest ISO's compliance filing

E-17, *Michigan Public Power Agency v. Midwest Independent Transmission System Operator*, Docket No. EL06-80-004. The Commission dismissed, as moot, a compliance filing by Midwest Independent Transmission System Operator (Midwest ISO) concerning treatment of generation offers from jointly-owned generating units. The Commission dismissed the filing because recent tariff revisions have eliminated the problem that gave rise to Michigan Public Power Agency's complaint and to the Midwest ISO's compliance filing.

FERC denies rehearing of a compliance filing concerning short-term congestion revenue rights

E-19, *California Independent System Operator Corp.*, Docket Nos. ER07-869-003, ER07-475-004, and ER06-615-029. The Commission denied a request for rehearing of revisions to the California Independent System Operator Corp.'s Market Redesign Technology Upgrade concerning short-term congestion revenue rights and the implementation of long-term firm transmission rights. Specifically, the Commission determined that the compliance filing, which established a forward looking source verification requirement for external load-serving entities participating in the Congestion Revenue Rights allocation process, did not exceed the scope of the Commission's directive set forth in the previous order.

FERC denies rehearing of Gaming and Partnership settlement

E-20, *Duke Energy Trading and Marketing, et al.* Docket No. EL03-152-007, *et al.* The Commission denied rehearing of an order approving a contested settlement that resolved issues related to the distribution of settlement monies in the Gaming and Partnership proceedings. The Commission upheld its determination that the settlement was just and reasonable. Specifically, the Commission found that the allocation of settlement monies did not conflict with the terms of underlying global settlements, the settlement included entities that had not signed onto those underlying global settlements, the settlement protected the rights of non-settling parties, and the settlement will help promote certainty and avoid costly litigation in the future.

FERC issues supplemental rule addressing transmission loading relief requirements

E-21, *Modification of Interchange and Transmission Loading Relief Reliability Standards, and Electric Reliability Organization Interpretation of Specific Requirements of Four Reliability Standards*, Docket Nos. RM08-7-000 & RM08-7-001. The Commission issued a supplemental final rule that approves a Reliability Standard which addresses transmission loading relief (TLR) requirements; TLRs provide a mechanism to manage and, if necessary, curtail interchange transactions. The modified Reliability Standard includes changes directed by the Commission related to the appropriateness of using the Transmission Loading Relief procedure to mitigate a violation of an interconnection reliability operating limit. In addition, the Commission directed the North American Electric Reliability Corp. to develop further revisions to that Reliability Standard.

E-22, News Release and Fact Sheet

FERC rejects Texas Gas' proposed fuel savings sharing methodology

G-1, *Texas Gas Transmission, LLC*, Docket Nos. RP09-3-000 and RP09-7-000, *et al.* The Commission rejected Texas Gas Transmission's (Texas Gas) proposed fuel savings sharing methodology, and related contested settlement, without prejudice to Texas Gas filing a revised fuel savings sharing mechanism. The fuel savings sharing methodology was intended to provide an economic incentive to the pipeline to invest in capital projects to reduce fuel usage, and to share the resulting fuel savings with its shippers. However, the Commission concluded that Texas Gas's proposed fuel savings proposal and settlement are unjust and unreasonable for two reasons: (a) the proposed method for sharing fuel savings lacks a reasonably accurate standard for measuring the savings attributable to Texas Gas's capital investments and (b) Texas Gas proposes to include projects that were either completed or in-service prior to Texas Gas's October 1, 2008 filing for Commission approval of its proposal. In the same order, the Commission accepted, subject to conditions, Texas Gas' proposed changes to its fuel tracker mechanism.

FERC accepts El Paso's fuel savings sharing proposal

G-2, *El Paso Natural Gas Co.*, Docket No. RP08-426-000. The Commission accepted the fuel savings sharing proposal that El Paso Natural Gas Co. (El Paso) submitted as part of its 2008 rate case, subject to modification. Among other things, the Commission required El Paso to clarify how its existing fuel tracker and true-up calculations will be modified to implement the sharing of the fuel savings between El Paso and its shippers.

FERC addresses rehearing of order issuing a conduit exemption for a Maine facility

H-1, *Bangor Water District*, Project No. 13164-001. The Commission granted in part rehearing of an order granting a small conduit exemption for the Veazie Energy Recovery Project, located in the Town of Veazie, Penobscot County, Maine. The Commission determined that conditions concerning Floods Pond, a facility that is not part of the conduit exemption, should not be included in the exemption.

FERC denies rehearing of denial of a request to impose interim conditions on the Klamath Project in Oregon and California

H-2, *PacifiCorp*, Project No. 2082-053. The Commission denied rehearing of an order dismissing a tribe's request to impose interim conditions for the protection of resident trout in the J.C. Boyle development of the Klamath Project pending completion of the relicensing proceeding. The Klamath Project is located primarily on the Klamath River,

in Klamath County, Oregon and Siskiyou County, California. The Commission concluded that the tribe did not demonstrate that the proposed modifications to the project operations are necessary as interim measures for the conservation of resident trout pending resolution of the relicensing proceeding.

FERC approves storage facility in Ohio

C-1, *Columbia Gas Transmission Corp.*, Docket No. CP08-431-000. The Commission granted Columbia Gas Transmission Corp. a certificate authorization to abandon certain facilities and expand its storage facilities at its Crawford and Weaver Storage Fields in Fairfield, Hocking, Ashland, Knox, Holmes, and Richland Counties, Ohio. The Commission also granted the requested authority to provide storage service through the expanded facilities at market-based rates under section 4(f) of the Natural Gas Act. The Commission concluded that the project will provide additional opportunities for gas storage with minimum adverse impacts.

FERC denies motion to stay Cove Point LNG remand order

C-2, *Dominion Cove Point LNG and Dominion Transmission*, Docket No. CP05-130-000, et al. The Commission denied Washington Gas Light Co.'s (WGL) motion for stay of the remand order in this proceeding. The Commission also denied WGL's alternative request that the Commission immediately modify these orders to lower the cap on deliveries of vaporized LNG from 530,000 Dth/d to 30,000 Dth/d at the interconnect between the Cove Point Pipeline and Columbia Gas Transmission in Loudoun, Virginia. The Commission concluded that the remand order preserves the very status quo WGL would hope to achieve by staying their effectiveness.

FERC denies Southern's request to abandon the West of Bienville System

C-3, *Southern Natural Gas Co.*, Docket No. CP08-104-000. The Commission denied Southern Natural Gas Co.'s (Southern) request for authorization to abandon by sale to Regency Field Services certain transportation facilities located in Texas and Louisiana known as the West of Bienville System. The Commission determined that Southern failed to support its contention that the facilities are underutilized to the extent that they are not essential to the provision of its open-access interstate transportation service.

FERC authorizes lease between CenterPoint and Texas Gas

C-4, *CenterPoint Energy Gas Transmission Co. and Texas Eastern Transmission*, Docket Nos. CP08-441-000 and CP08-444-000. The Commission granted CenterPoint Energy Gas Transmission Co. (CenterPoint) authorization to lease firm capacity from Texas

Eastern Transmission (Texas Eastern) and for Texas Eastern to abandon by lease firm capacity to CenterPoint. The Commission approved the transactions because the lease would enable CenterPoint's customers to access gas supplies from the Sligo Field and transport the gas to Perryville Hub with no degradation of service to CenterPoint's customers.

FERC approves expansion of Bobcat Storage facility in Louisiana

C-7, *Port Barre Investments, d/b/a/ Bobcat Gas Storage*, Docket No. CP09-19-000. The Commission issued a certificate for Bobcat Gas Storage to expand its existing storage project in St. Landry Parish, Louisiana. The proposed expansion includes three new salt dome natural gas storage caverns, additional compression, and new pipeline facilities. The Project would increase Bobcat Gas' storage facility's authorized gas storage capacity to 51.9 billion cubic feet. The Commission approved the expansion because the project will serve increased market demand with no adverse impacts.

FERC amends certificate for the MoBay Gas Storage Project

C-8, *MoBay Storage Hub*, Docket No. CP06-398-001. The Commission amended the certificate for the MoBay Gas Storage Project to add two new priority interruptible services to the services already authorized and to allow MoBay Storage Hub to charge market-based rates for these services. The Commission determined that Florida Power Co.'s firm service will not be degraded by the proposed higher priority interruptible services as the proposed services will have a lower priority than firm service.